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SUBJECT: UNGA/C-5: ICSC REPORTS ON COMMON SYSTEM: PROPOSAL
FOR FIX-TERM EMPLOYEE SEVERANCE PACKAGE DRAWS G77/CHINA
SUPPORT AND HESITATION FROM THE REST

11. (U) SUMMARY: On 20 October, the Fifth Committee convened for a formal meeting to consider the report of the International Civil Service Commission (ICSC) pertaining to the U.N. Common System (Agenda item 139). The key issue pertained to the ICSC's recommendation to introduce end-of-service severance pay for staff serving on fixed-term contracts. The idea received support from the G77, and China, while Japan and the U.S. raised strong objections. Other delegations, such as CANZ and Mexico, approached the recommendation with concern, while Russia spoke in favor of the payment in principle, but agreed that the matter deserves patient consideration. END SUMMARY.

BACKGROUND ON THE COMMON SYSTEM

12. (U) The UN Common System refers to the common system of salaries and benefits used by the United Nations and most of its affiliated organizations to avoid discrepancies in compensation as well as to prevent competition in recruitment. The fifteen-member International Civil Service Commission (ICSC) is responsible for regulating and coordinating the conditions of service for staff throughout the Common System.

DELEGATIONS STAKE POSITIONS IN FORMAL DEBATE

13. (U) COMMISSION SUGGESTS SEVERANCE PAY AFTER 10 YEARS: On 23 October, the Vice-Chairman of the ICSC presented the report of the ICSC, which called for, inter alia, the introduction of an end-of-service severance pay entitlement for fixed-term staff who have served for at least ten years whose contracts are not renewed. The Vice-Chairman commented "Most commission members shared the view that some compensation should be offered to long-serving staff separating from organizations involuntarily upon expiration of their fixed-term contracts" The Commission estimated the cost of the program at USD 4.6 million per annum, a sum said to be less than a buy-out option.

14. (U) STAFF ASSOCIATIONS VOICE STRONG SUPPORT FOR END-OF-SERVICE SEVERANCE PAYMENTS: The President of the Federation of International Civil Servants, Associations (FICSA), expressed strong support for the severance pay plan, but also contended that the entitlement should be awarded after only five years of service, as did the President of the Coordinating Committee for International Staff Unions and Associations (CCISUA). CCISUA considers the matter of particular import to the United Nations, given that it employs approximately 80% of its staff on a contract basis. In contrast to the representatives of the other staff associations, the representative of the United Nations Civil Servants Federation (UNISERV) voiced strong opposition to the proposed end-of-service grant as proposed by the ICSC, stating that the compensation schedule for termination indemnities should be used instead.

¶5. (U) GCC/CHINA SUPPORT ENTITLEMENT: Sudan, speaking on behalf of the G77 and China registered support for the severance plan, stressing a need to "offer the conditions of service which are more suitable to the United Nations employees and more attractive to those whom wish to work for the United Nations." Sudan referred to the severance plan as being part and parcel of a "well-deserved and respectable remuneration package" and promised to "fully support the ICSC,s recommendation."

¶6. (U) JAPAN AND U.S. VOICE OPPOSITION WHILE EU, CANZ, MEXICO, AND RUSSIA ALL EXPRESS NEED TO MOVE CAUTIOUSLY: Both Japan and the U.S. spoke against introducing end-of-service severance pay, arguing that the proposal violated GA Resolution 63/250 and that the UN had no legal obligation to provide for staff members after the completion of a contract. Sweden, speaking on behalf of the E.U. and associated countries showed reluctance to endorse the new entitlement, commenting that "as for the recommended end-of-service severance pay for fixed-term staff, we will carefully examine this proposal and its administrative and financial implications in the light of the ongoing implementation of the contractual reform and the overall economic situation, bearing in mind that it is an entirely new concept." New Zealand, speaking on behalf of CANZ, urged caution in considering any new entitlements with long-term financial implications. Mexico said that it would need to examine the proposal "in the context of this economic crisis", but also suggested that the evidence for the proposal is not sufficiently convincing. Outside of the G77 and China, Russia came closest to endorsing the initiative, noting that the introduction of this entitlement should only be considered

after "serious consideration" and its "introduction should be delayed."

FOLLOW-UP DELIBERATIONS IN INFORMAL CONSULTATIONS

¶7. (U) During subsequent informal meetings of the Fifth Committee on the Common System, the U.S., the EU, CANZ, and Japan have maintained a common position in opposition to the introduction of end-of-service severance pay for fixed-term staff, which continues to be supported by the G77 and China. In addition to arguing against the proposed entitlement on its merits, Western delegations have pointed out the difficulty of discussing severance pay for fixed-term staff without first discussing how a new continuing contract mechanism is implemented in the UN Secretariat. This issue is scheduled to be debated in November under agenda item 137, Human Resources Management.

¶7. (U) COMMENT: The sum provided by the ICSC for the severance pay plan is based on the current fixed term staff remaining in the organization for ten years or more. These estimates do not take into consideration the conversion of fixed-term staff members in the UN Secretariat to continuing contracts. Implementation of the new continuing contract mechanism will reduce the number of staff eligible for end-of-service severance pay, and therefore reduce the annual cost of the entitlement. These savings, however, are likely to be offset by an increase in the number of termination indemnities -- which are more generous than end-of-service grants -- awarded to staff. END COMMENT
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